

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6790**

**BILL NUMBER:** HB 1235

**NOTE PREPARED:** Jan 5, 2006

**BILL AMENDED:**

**SUBJECT:** Handgun Licensing and Sales.

**FIRST AUTHOR:** Rep. Ruppel

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires the superintendent of the Indiana State Police (ISP) and local law enforcement agencies to allow an applicant desiring to obtain or renew a license to carry a handgun to submit an application electronically if federal funds are available to establish and maintain an electronic application system. It requires the state to participate in the National Instant Criminal Background Check System (NICS) for firearms sales if federal funds are available to assist the state in participating in the NICS.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** This provision will not have a state impact because federal funds must be available in order for the state to participate. It is possible that the state could incur expenses in the future if federal funds are discontinued. With respect to establishing and maintaining an electronic system with Internet access whereby applicants can apply for a handgun license, the projected additional expenses for the system are outlined in the table below.

Task	Services	Equipment	Totals
Provide web-based gun permit application for internet applicants	\$80,000	\$30,000	\$110,000
Build web-based gun permit approval process for local agencies*	\$45,000		\$45,000
Develop E-commerce for on-line payment of fees.	\$35,000		\$35,000
<b>Web-Based Gun Permit Application Estimate</b>	<b>\$160,000</b>	<b>\$30,000</b>	<b>\$190,000</b>
Create firearms repository in FileNet**	\$10,000	\$25,000	\$35,000
Modify CHRIS***	\$20,000		\$20,000
Rewrite background check process to behind-the-scenes automated	\$40,000		\$40,000
Create scanning form/high-speed data entry screen for hardcopy	\$40,000		\$40,000
Applications related to handgun license.			
Management / Audit report development	\$10,000		\$10,000
<b>Firearms Imaging Estimate</b>	<b>\$120,000</b>	<b>\$25,000</b>	<b>\$145,000</b>
<b>Total</b>	<b>\$280,000</b>	<b>\$55,000</b>	<b>\$335,000</b>
*The bill does not require.			
**Make record division consistent with records repository.			
***Criminal History Records Info System. Interfaces with counties and the FBI.			

ISP issues about 80,000 gun permits per year. Using an electronic system could save time and resources. An estimated three staff positions could be eliminated with the automated system for a reduction in expenditures for staff of an estimated \$140,000 per year. Additional reductions could include expenses for paper, elimination of manual record-keeping, processing, and accessing as well as improved security for the documents.

*Background.* Under existing law, the law enforcement agency which accepts an application for a handgun license must collect a \$10 application fee, \$5 of which must be refunded if the license is not issued. Fees are deposited into the law enforcement agency's firearms training fund or other appropriate training activities fund. The fund can be used by the agency for the purpose of training law enforcement officers or purchasing the law enforcement officers' firearms or firearm-related equipment. The officer to whom the application is made must ascertain certain information about the applicant. The officer must also conduct an investigation into the applicant's official records and verify the applicant's character and reputation, and the accuracy of the information contained in the application. The officer must forward the information with the officer's recommendation for approval or disapproval and one set of legible and classifiable fingerprints of the applicant to the ISP. The ISP may further investigate and approve or disapprove the application. The ISP must forward its recommendation to the officer to whom the application is made and the applicant. The ISP must retain a copy of the application for at least four years. The license is valid for four years. At the time a license is issued and delivered to a licensee, the superintendent must include information concerning handgun safety.

*National Instant Criminal Background Check System (NICS).* The bill provides that the state must participate in NICS, which is maintained by the Federal Bureau of Investigation, if federal funds are available to assist the state in participating. This provision will not have a state impact because federal funds must be available in order for the state to participate. It is possible that the state could incur expenses in the future if federal funds are not available.

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local law enforcement agencies must allow an applicant desiring to obtain or renew a license to carry a handgun to submit an application electronically if federal funds are available to establish and maintain an electronic application system. The bill would have no impact to the extent that federal funds must be available in order to establish the system. (Also, see *Explanation of State Expenditures* above.)

**Explanation of Local Revenues:**

**State Agencies Affected:** ISP.

**Local Agencies Affected:** Law enforcement entities.

**Information Sources:** Steve Hillman, Indiana State Police, 232-5899; Jeff Holt, Chris Sheets, contractors with ISP, 317.919.8214.

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.